Spending on Happiness

June 2, 2008

Can money buy you happiness? Yes—so long as you spend the money on someone else. According to new research, giving other people even as little as $5 can lead to increased well-being for the giver.

That's the insight into the secret of happiness by Harvard Business School professor Michael Norton and two colleagues from the University of British Columbia, Elizabeth Dunn and Lara Aknin. Their article, "Spending Money on Others Promotes Happiness," appeared in the March 21, 2008 issue of Science.

"Intentional activities—practices in which people actively and fully choose to engage—may represent a promising route to lasting happiness. Supporting this premise, our work demonstrates that how people choose to spend their money is at least as important as how much money they make," the researchers explain.

"Our findings suggest that very minor alterations in spending allocations—as little as $5 in our final study—may be sufficient to produce non-trivial gains in happiness on a given day."

Norton and colleagues found these results to hold in three different studies: a nationally representative survey, a field study of windfall spending, and an exploration in which participants were randomly assigned to spend money on others rather than themselves.

We asked Norton to elaborate in an email interview, an invitation to which he cheerfully agreed.

Sarah Jane Gilbert: What prompted you to conduct this research into the connection between money and happiness?

Michael Norton: One of the most puzzling paradoxes in social science is that though people spend so much of their time trying to make more money, having more money doesn't seem to make them that much happier. My colleagues Liz Dunn and Lara Aknin—both at the University of British Columbia—and I wondered if the issue was not that money couldn't buy happiness but that people simply weren't spending it in the right way to make themselves happier. Liz had the great idea to explore whether, if we encouraged people to spend money in different ways, we could uncover the domains in which money might lead to happiness. We conducted a number of studies—from national surveys to a field study in which we examined how the manner in which employees at a Boston-based company spent a profit-sharing bonus impacted their long-term happiness—in which we showed that money can buy happiness, when people spend that money prosocially on others (giving gifts to friends, donating to charities) rather than on themselves (buying flat-screen televisions).

Q: What are the psychological factors involved when it comes to individuals and feelings they encounter when giving away their money? Does it matter how wealthy you are?

A: We found that it was the relative percentage of their money that people spend on others—rather than the absolute amount—that predicted their happiness. In the bonus study described above, for example, the size of the bonus that people received had no impact on their long-term happiness. It was the percentage of

Marketing

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"Spending Money on Others Promotes Happiness," Michael Norton, Elizabeth Dunn, Lara Aknin; Science, March 21, 2008.

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Executive Summary

Money can't buy you love but it can buy happiness—as long as it's money for someone else. New research by Harvard Business School professor Michael I. Norton and colleagues Elizabeth W. Dunn and Lara B. Aknin, described in the journal Science, looks into how and why spending money on others promotes happiness.

- How much money people earn is less important for their happiness than how they choose to spend it.
- Although people believe that having money leads to happiness, research suggests they are happier if at least some of the money is given to others.
- Companies might want to think creatively about how to encourage employees to spend their bonuses. Likewise, organizations could look at alternate ways to participate in charitable giving.

that bonus they spent on others that increased their well-being. In another study, we showed that spending as little as $5 over the course of a day on another person led to demonstrable increases in happiness. In other words, people needn't be wealthy and donate hundreds of thousands of dollars to charity to experience the benefits of prosocial spending; small changes—a few dollars reallocated from oneself to another—can make a difference.

Q: So many of us equate having money with happiness. How does this relate to your findings that showed giving it to others is what promotes happiness?

A: Although a large body of research does show that people become happier as they move from being very poor to lower middle class, after this point the impact of income on happiness is much weaker. Think of someone who makes $100,000 one year and $110,000 the next—do we really expect this additional income to suddenly make this person fulfilled, without a care in the world? (You can also think about whether such changes in your own income really make you happier with your life on a day-to-day basis: Being informed about a raise certainly makes us happy, but the $10,000 doesn't make our siblings or in-laws any less difficult to deal with over the course of the following year. …) Although people believe that having money leads to happiness, our research suggests that this is only the case if at least some of that money is given to others.

Q: If we were aware that giving equates to happiness, would we be more likely to spend money on others instead of on ourselves?

A: We were actually most worried about the opposite problem, whether knowing about the effect of prosocial spending might erase it, if people engaged in prosocial spending in a calculated manner in order to "get happy." We conducted a survey in conjunction with the New York Times "TierneyLab" in which readers who had just learned about our findings were invited to complete a brief survey in which they reported their happiness, as well as how much money they had spent on others and on themselves so far that day. Consistent with our previous research, we found that spending more on others was associated with greater happiness among this sample of approximately 1,000 New York Times readers, even though the respondents had been exposed to our previous findings.

Q: What are you working on next?

A: We are now actively looking to work with more companies that are willing to be creative with how they encourage their employees to spend their bonuses, and companies that are willing to be creative in how they engage in charitable giving. For instance, many companies donate a lump sum to charities each year. Our research suggests that companies might think about splitting that money up among their employees and empowering them to choose the recipient of those donations. We refer to such initiatives as creating a "prosocial workplace," which we believe has benefits both for companies, in the form of happier employees, and for society, through increases in charitable giving.

We Commit When We Give

Summer 2009

In today's workplace, where employees rarely expect to remain with one organization for their entire careers, firms are searching for new ways to increase the commitment of their employees. The benefits to organizations of employee commitment, which have been well documented, include increased retention, decreased absenteeism, and higher productivity. To identify new ways for organizations to foster employee commitment, my colleagues and I conducted a study at a Fortune 500 retail company.

We focused on employee support programs, which have become increasingly common as companies such as Southwest Airlines, The Limited, Domino's Pizza, and DaVita search for new ways to strengthen employee commitment. Such programs extend the range of benefits and services offered beyond pay, benefit, training, and development programs by providing child- and elder-care, counseling, scholarships, and emergency financial aid. For example, some companies in the airline, automotive, construction, and railroad industries provide employees the opportunity to volunteer as support providers for coworkers in need. Other companies have established programs through which employees can donate money to support coworkers who are facing medical or financial emergencies.

Studies have shown that when employees become aware of or utilize support programs, they are more likely to feel that their employers care about their welfare and reciprocate the support received by becoming more committed to their employers by developing intrinsic or "affective" commitment to their organization. Our research revealed a new explanation: it is the experience of giving support, not only receiving support that strengthens employees' commitment to their companies.

We discovered the importance of giving through interviews with 40 managers and employees at a large retail corporation. The corporation established its own independent not-for-profit organization to manage an employee support program. The support program offered financial grants to help employees with life-qualifying events such as medical problems, family emergencies, thefts, divorces, spousal disabilities, and home damage.

We expected that employees who received support from the program would be more committed to the company. Our interviews, however, suggested that it was employees who gave support to the program who became more committed to the company. By providing employees with an opportunity to participate in caring actions, the program offered an outlet for helping others. One manager explained, "Donating myself [helps me to see that] business can make you very focused on [making] money, and this kind of releases you from that, to think about other people, to reach out to others in need." A sales associate commented "I have money taken out of every paycheck to help with the [giving program]…it benefits a lot of people that really are in need…I feel real good that it's available. I feel good that it can be taken out of my paycheck." Another said "Any time I do stop to give it some thought, I think things like…'It's a good thing that I'm part of this,' and…'This really is a good thing that my company has.'"

Giving led employees to feel grateful to the company for managing the program, which provided them with both a means and a rationale for making contributions to support their coworkers. Giving also led employees to take pride in the company as a caring, humane organization. One manager commented, "It gives that

Organizational Behavior

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Executive Summary

Employees who use company-sponsored programs to give support to others feel a stronger commitment to their companies. These employees see themselves as more caring people and see the company as a more caring organization. Receiving support from a firm in cases such as illness or family emergencies is appreciated but does not make employees feel as proud and supportive of their employer as does the opportunity to give help.

sense of caring from the company, that sense of, you know, we're there to help you out in times of need—that sense of family." Another manager stated "It's given me a little bit of faith in our corporate structure that I didn't have before… [In] major corporations today…it's all about the bottom line…I understand that way of thinking, but, you know, add a little bit of heart." An associate explained that donating to the program strengthened her feelings of pride in being a part of a caring company: "I do feel very attached to the company…I always feel proud that the company [has this program]…I think my money's being put to very good use. So I'm always happy to do it. I think companies should give back…I feel proud that our company does that."

We substantiated the findings from interviews in a national survey of employees at the company. We found that giving to the program, not receiving support from the program, predicted higher levels of employee commitment. Further, our data showed that giving enabled employees to see themselves as more caring people and to see the company as a more caring organization. These perceptions of the self and the company as caring cultivated feelings of gratitude toward and pride in the company, strengthening employees' commitment.

The key lesson for managers is that organizations can cultivate commitment not only by enabling employees to receive support, but also by enabling employees to give support. Having a giving program may improve the quality of employees' experiences while simultaneously promoting the welfare of the recipients and of the organization itself via increased feelings of commitment to the organization.

Defaults Make a Difference

June 15, 2005

Since 1995, more than 45,000 Americans have died waiting for organ transplants. If more people signed up as organ donors and followed through on their pledge, how many lives would it save?

People sometimes sign up for things and then opt out later. Or they opt out now and opt in later. In both cases, they change their decision. Does it matter? In some cases, no, but in other cases it matters a great deal.

Take organ donation: when you renew your driver's license, you can sign a card that makes you a potential donor. Can hospitals that handle organ donations rely on your pledge, and if so, to what degree? And what about people who don't sign up — do they actually opt in at a later date? Knowing who will come through and who will not — and how best to sign them up — could help hospitals plan how many needy patients to put in their pipeline.

In organ donation, these are matters of life and death. In other domains — like flight insurance, retirement savings or Internet privacy — the stakes are lower but still high enough to make it worthwhile to look for an answer.

Professor Eric Johnson worked on this problem with Daniel Goldstein, using the Virtual Laboratory of the Center for Excellence in E-Business at Columbia Business School. They ran experiments over the Internet that gave hundreds of people essentially the same choice but in two different forms: (A) agree to be a donor, with an opt-out clause, and (B) decline to be a donor, with an opt-in clause. The researchers expected some difference, but the size of the spread shocked them. A's outnumbered B's by a factor of 2 to 1; people were twice as likely to agree to be a donor when they had to opt out as when they had to opt in.

Further research on different countries showed similar results. Rates of donor agreement and actual donation were low in Denmark, Germany, Netherlands and the United Kingdom, where potential donors had to opt in. These rates were much higher in Austria, Belgium, France, Hungary, Poland, Portugal and Sweden, where potential donors had to opt out.

In many situations, which default you build in makes a big difference. If you want people to do something in the future, ask them to agree to it now, with an opt-out clause. The default option — where they take no further action — is then in your favor. Johnson and Goldstein noted this result even in simple online agreements, where the default is a box already checked and the viewer can opt out by unchecking the box. That approach yields more positive results than asking the viewer to check the box.

The principle behind the results of this research might have even wider implications. When people see an option for the first time, they don't yet have a preference one way or the other. Instead, they construct both the problem and the solution right there and then. So how you present the question — opt in or opt out — makes them see the whole matter in two very different lights. This is true for minor items like online offers and for major decisions like how much to save for retirement — and even, as we see with organ donation, for questions of life and death.

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Executive Summary

Preset actions on forms, web pages and other materials — called defaults — have strategic importance that can make vital differences. They are far too important to delegate responsibility for setting them to programmers or form designers.

- If you want people to do something in the future, ask them to agree to it now, with an opt-out clause for the future by presetting the default.

- Giving a preset opt-in choice yields far more positive results than asking users to check a box.

Making Change for Cheap

January 6, 2009

In 2009, change is not just a buzzword — it's a top priority for many organizations and individuals. And according to Professor Eric Johnson, major change need not be difficult or expensive. Often, Johnson says, change can start by simply looking at how an organization — or a consumer — utilizes default settings.

"There are many defaults that affect you, and you don't even realize it," says Johnson. "An unchecked box is a default."

Research by Johnson and Daniel Goldstein of the London School of Economics has shown that default settings have the power to affect change on a wide range of issues, from consumer purchases to organ donations. Take the example of buying a new car. A customer completes an online car configurator and is shown features that match her preferences, such as the option for a sporty three-spoke steering wheel with a high-horsepower engine. These adaptive defaults serve to align product and consumer as closely as possible. In a different study, a default for organ donation can account for a 16-50% increase in transplantations performed in a country, they found.

However, in addition to changing a desired outcome by checking or un-checking a box, a default also promotes change in user behavior.

"Defaults change the way you look at choices. It is as if you owned the default, and you have to decide what are the advantages and alternatives," says Johnson.

In a recent article in Harvard Business Review, Johnson, with co-authors Goldstein, Andreas Herrmann and Mark Heitmann, discuss how to best design defaults. The first thing to consider is who is designing them.

"[Default settings] are a decision that is strategic and goes to the bottom line," says Johnson. "But the decision is too often made by the IT person or the person doing the page design. It is an essential characteristic of a Web site. It's part of a larger view that site architecture has a large influence over consumer behavior and that's not something most firms and consumers anticipate."

And that decision making need not require any overhead, says Johnson. "The beauty of defaults is that they can be changed by simply editing a couple of lines of HTML."

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Executive Summary

A car rental agency includes insurance as a default unless you specifically decline it. Facebook sets off a firestorm when it displayed customer purchases by default.

Defaults have strategic importance, so don't let programmers or form designers make decisions on these important components. Effective defaults can effect customer satisfaction and even profits.

- If you expect most of your customers would prefer a basic product or service configuration, use a mass default such as online retailers offering standard shipping on orders.

- If you think customers would value options tailored to their preferences, use a personalized default. For example, if a returning hotel customer requested a nonsmoking room for his last visit, make a nonsmoking room the default for future stays.

A Room with a Viewpoint

May 2008

With the rise of environmental conservation programs in hotels, more travelers are finding themselves encouraged to reuse towels to help conserve resources. How do marketing practitioners encourage hotel guests to participate in these environmentally and economically beneficial programs? In most cases, hotels convey messages on strategically placed cards in hotel bathrooms. Guests are almost always informed that reusing towels will conserve natural resources, and help save the environment from further depletion, disruption, and corruption.

Given previous research suggesting that the majority of Americans consider themselves to be environmentalists, it is not surprising that hotels focus their appeals on popular environmental concerns. Nevertheless, new research suggests that hotels can gain even more ground in promoting conservation by using an underappreciated motivator of positive behavior: social norms.

In the recent study "A Room with a Viewpoint: Using Social Norms to Motivate Environmental Conservation in Hotels," University of Chicago Graduate School of Business professor Noah J. Goldstein, and coauthors Robert B. Cialdini and Vladas Griskevicius of Arizona State University conducted two field experiments to examine the effectiveness of different ways to request hotel guests' participation in environmental conservation programs. Along with studying the standard, attitude-based form of conservation appeal, the authors explored the impact of providing consumers with "descriptive social norms"—simple descriptions of how the majority of people tend to behave.

Descriptive social norms are everywhere. When consumers discover that 7 out of 10 people choose one brand of automobile over another, or hear that teeth whitening toothpaste has become more popular than regular toothpaste, they are learning descriptive norms. While the use of these norms to promote purchases might be commonplace, Goldstein notes that descriptive norms may be an underused tool for promoting positive, community-oriented social behavior.

"People don't think to appeal to social norms, because the power of social norms is underestimated," says Goldstein. "Psychologists know how much people are influenced by the behavior of others, and we show that using this information not only helps the environment, but provides a financial gain for the hotel industry."

Goldstein and colleagues found that hotel messages using "descriptive norms" (i.e. "the majority of guests reuse their towels") were more effective than traditional messages focusing solely on popular environmental concerns. Furthermore, messages that described the participation in the conservation program by hotel guests were most effective when describing group behavior that occurred in the setting that most closely matched individuals' immediate situational circumstances (i.e. "the majority of guests in this room reuse their towels").

"When trying to influence others, don't ignore the power of the situation," says Goldstein. "You need to take into consideration the environment in which people behave."

For Cialdini, Goldstein, and Griskevicius, a primary goal of the research was to better understand the factors that motivate consumers to engage in actions for the benefit of the environment— an understudied area of consumer research. To do this, they conducted field experiments to study how social norms operate

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on actual environmentally relevant consumption or conservation choices. These methods help quiet any skepticism marketing practitioners and consumers may have about whether social norms are potent enough in real-world settings to influence behavior.

In the first experiment, the authors assigned each of 190 hotel rooms to receive one of two towel reuse cards, testing their own cards employing descriptive norms against the industry standard. Of primary concern was the extent to which each of the two messages spurred guests (who were unaware they were part of a study) to participate in the hotel's conservation program. Data were collected over 80 days on 1,058 instances of potential towel reuse in a midsize, mid-priced hotel in the Southwest. The Standard Environmental Message reflected the industry standard approach, stressing a popular environmental concern ("Help save the environment"), but providing no explicit descriptive norm. The Descriptive Norm Message informed guests that the majority of other guests participated in the program at least once during their stay. All of the towel reuse cards listed the benefits of participating in the program: saving 72,000 gallons of water, 39 barrels of oil, and preventing nearly 480 gallons of detergent from being released into the environment per hotel, per year.

The Descriptive Norm card yielded a towel reuse rate that was 9 percentage points higher than the Standard Environmental Message. Hotel guests were more motivated to reuse their towels when they learned that the majority of previous room occupants had chosen to participate in the environmental conservation program.

In the second experiment, the authors sought to better understand where the power of descriptive norms comes from. Conformity in behavior is often based on our social identities—the groups of other people to whom we feel connected. Past research has focused heavily on the sense of connection that derives from shared personal characteristics (e.g. ethnicity, gender, or attitudes), but has neglected shared context (e.g. staying in the same hotel room) in studying how an individual is influenced by a norm describing others' behavior.

"If I'm a fraternity member and my fellow fraternity members tend to act a certain way, I may follow their behavior," says Goldstein. "But that behavior will differ whether we are in the fraternity house or the library."

The second experiment thus explored five different types of towel reuse appeal. One set of cards was printed with the Standard Environmental Message. Two sets of the new towel reuse cards provided descriptive norms describing the tendencies of fellow demographic group members (e.g., "men and women"). The last two sets of cards both provided descriptive norms for the context, but differed in one key respect: one set contained a "global" norm describing the behavior of other people who had stayed in the hotel, while the other set contained a "provincial" norm describing the behavior of those who had stayed in the individuals' own hotel room.

Based on the premise that it is generally beneficial to follow the norms that most closely match one's environment, situation, or circumstances, the authors hypothesized that the appeal conveying the descriptive norm of that particular room's previous occupants would result in a higher towel reuse rate than other descriptive norm appeals, which would in turn outperform the industry standard.

Data on 1,595 instances of potential towel reuse over 53 days confirm the authors' predictions. The four descriptive norms combined fared significantly better than the Standard Environmental Message. Furthermore, provincial norms

Executive Summary

Managers and marketers can motivate consumers to participate in environmental conservation programs by telling them how the majority of other people behaved in the same situation. Researchers specifically studied how to ask hotel guests whether or not they wanted to reuse their towels during the course of a stay. The study highlights the benefits of employing social science research and theory—rather than business communicators' hunches, lay theories, or best guesses—in crafting persuasive messages.

- Guests given a description : "the majority guests in this hotel asked to reuse their towels," were 9% more likely to make the same decision than guests who were simply asked to "help save the environment" with no information on comparative behavior.

- Guests were motivated even further when the description matched their social demographic even more closely. They were even more likely to reuse their towels when told the majority of people staying in their room in the past had done so.

outperformed all the other descriptive norms.

“The hotel guests who were informed that the majority of people who stayed in their room previously had participated in the towel reuse programs were more likely to participate in the program themselves than were those who were given the same information for all hotel guests,” says Goldstein.

Role models are important guides for behavior. Yet previous research has failed to identify the full range of criteria we use to identify appropriate role models. In addition to looking toward people that share our demographic background, the study shows that people take their cues from those who have shared an immediate setting, situation, or circumstance.

Goldstein notes that the implications of his research for environmental conservation programs are especially interesting from a business standpoint. Revising the towel use cards involves negligible costs, and it could help hotels save tremendous amounts of money (perhaps as much as $1.50 per room, per night if a guest reuses the towels and bed linens).

“Considering how much money hotels could save through environmental conservation programs, they should be motivated to design appeals to maximize the number of people reusing towels,” says Goldstein. “But everywhere we looked, the messages only focused on the environmental benefits.”

The study highlights the benefits of employing social science research and theory—rather than business communicators’ hunches, lay theories, or best guesses—in crafting persuasive messages.

“It’s important for businesses to take social science research into consideration,” says Goldstein. “If the hotel industry did so, it would save millions of dollars every year.”

Society at large could benefit from the application of this research to the wide variety of programs directed at motivating positive, environmentally friendly behavior, such as recycling. If, for example, marketers in California were to run a recycling campaign, Goldstein suggests that they would want to make sure that they highlight norms for their audience’s specific location in their appeals. For example, telling Santa Barbara residents about the recycling habits of other Santa Barbara residents should be more effective than highlighting the recycling habits of California as a whole.

By adding this dimension to what is already known about appealing to people on the basis of shared personal demographic characteristics, efforts to promote positive social behavior could become more successful than before. Goldstein notes, “If marketing messages appeal to both, this will increase the likelihood of influencing behavior.” He adds: “Whenever you are trying to motivate your audience to engage in a particular behavior, especially if the norms are already in the right direction, you want to be certain that the environment in which those social norms took place matches the environment of your desired audience.”

Money and the Mind

November 16, 2006

Why are some people more self-sufficient than others? Why are some people more willing to volunteer or help out than others? What makes some people seem stand-offish, while others move right in and help? Research conducted by Kathleen Vohs, assistant professor of marketing at the Carlson School of Management, University of Minnesota, demonstrates that money — more specifically, people's exposure to the concept of money — can start to answer these questions. The research is published in the Nov. 17, 2007 issue of Science.

A series of nine experiments by Vohs and her colleagues establishes that money changes people's motivation to achieve their own goals for the better and their behavior toward others for the worse.

In one experiment, subjects exposed to the concept of money via a word puzzle task were later less helpful to a person in need. "The mere presence of money changes people," comments Vohs. "The effect can be negative, it can be positive. Exposure to money, or the concept of money, elevates a sense of self-sufficiency. People don't want to be a burden on others."

According to the findings, pictures of money, a tip laying on a table, thinking about your holiday bonus — all of these would make people behave self-sufficiently. Results indicate that these people also work longer before asking for help, are less helpful to others, and prefer to play and work alone. In addition, people who are exposed to the concept of money can even put more physical distance between themselves and a new acquaintance as compared to people who are not reminded of money.

"It's not malicious," says Vohs. "People are focused on their own goals — but unfortunately not others — and are motivated to work really hard to achieve them."

Vohs has an extensive background in psychology, and she applies her understanding of psychological science to business issues in order to advance theories in marketing. Her research specialties include self-control (particularly in terms of impulsive spending, overeating, and making a bad impression); self-processes (such as self-esteem); and the effects of making choices on self-control ability.

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Executive Summary

Money changes people's motivations — increasing their sense of self sufficiency and even making them keep a greater physical distance from others. After focusing on money, individuals work longer before asking for help, are less helpful to others, and prefer to play and work alone.

To Increase Charitable Donations, Appeal to the Heart — Not the Head

June 27, 2007

Here's a pop quiz. Read the following two paragraphs and see which is more apt to tug at your heartstrings:

A) Any money that you donate will go to Rokia, a seven-year-old girl who lives in Mali in Africa. Rokia is desperately poor and faces a threat of severe hunger, even starvation. Her life will be changed for the better as a result of your financial gift. With your support, and the support of other caring sponsors, Save the Children will work with Rokia's family and other members of the community to help feed and educate her, and provide her with basic medical care.

B) Food shortages in Malawi are affecting more than three million children. In Zambia, severe rainfall deficits have resulted in a 42% drop in maize production from 2000. As a result, an estimated three million Zambians face hunger. Four million Angolans — one-third of the population — have been forced to flee their homes. More than 11 million people in Ethiopia need immediate food assistance.

If you answered A, you are like most people, according to a new study conducted by Deborah Small, a Wharton marketing professor, and two colleagues. The researchers found that if organizations want to raise money for a charitable cause, it is far better to appeal to the heart than to the head. Put another way, feelings, not analytical thinking, drive donations.

Rokia is what academic researchers call an "identifiable victim." As such, her personal story, which focuses exclusively on her plight and not that of other famine victims, is much more likely to generate charitable donations than more dispassionate descriptions of unnamed "statistical victims" like those in paragraph B, according to Small.

That people would want to give money to identifiable victims like Rokia rather than unnamed famine victims may not seem all that surprising. But Small and her colleagues, in a series of field experiments, delved deeper into the issue of sympathy and how it relates to charitable giving. The researchers found that if people are presented with a personal case of an identifiable victim along with statistical data about similar victims caught up in a larger pattern of illness, hunger or neglect, overall donations actually decline. In addition, they found that if people are told about the inconsistent levels of sympathy evoked by identifiable and statistical victims — the "identifiable victim effect," in the words of the researchers — people reduce their giving to identifiable victims but do not increase their giving to statistical victims.

Small says the findings — which hold implications for policymakers, fundraisers for charities and even news organizations that urge donations to victims of tragic events — show that sympathy and aid-giving are often irrational.

"When donating to charitable causes, people do not value lives consistently," write Small and her co-authors, George Loewenstein of Carnegie Mellon University and Paul Slovic of Decision Research, a non-profit research firm in Eugene, Ore. "Money is often concentrated on a single victim even though more people would be helped if resources were dispersed or spent protecting future victims."

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Executive Summary

If organizations want to raise money for a charitable cause, it is far better to appeal to the heart than to the head. Put another way, feelings, not analytical thinking, drive donations.

- People are most generous when asked to make a donation to an identifiable individual victim. The more statistical information about the general plight of a group of people similar to the individual victim, the less generous potential donors became.
- Many charities make the mistake of trying to appeal both to emotion and to reason in their fundraising appeals.

In many cases, society "would be better off if resources were spread among victims such that each additional dollar is spent where it will do the most good," according to the paper, titled "Sympathy and Callousness: The Impact of Deliberative Thought on Donations to Identifiable and Statistical Victims." Yet when making a decision to donate money toward a cause, "most people probably do not calculate the expected benefit of their donation. Rather, choices are made intuitively, based on spontaneous affective reactions."

The study cites several well-known examples of large sums of money being donated to help identifiable victims. In 1987, a child named Jessica McClure, dubbed "Baby Jessica" by the news media, fell into a well near her home in Texas and received nearly $700,000 in donations from the public. Ali Abbas, a boy who lost both his arms and his parents in the Iraq War in 2003, was the subject of widespread media attention in Europe and received some $550,000 in donations. Even animals generate sympathy: In 2002, more than $48,000 was contributed to save Forgea, a dog stranded on a ship adrift in the Pacific Ocean.

Why do identifiable victims elicit such an outpouring of emotion — as well as piles of accompanying cash? In general, psychological research has found that "people pay greater attention and have stronger emotional reactions to vivid rather than pallid information," says Small, a psychologist by training. Furthermore, the mind responds to proportions, not absolute values. "This is why we gasp when we see a 50%-off sale, regardless of whether the original price is $5 or $500," she adds. "Similarly, saving 10 lives out of a group of 100 is a high proportion and thus evokes a greater emotional response than saving 10 lives out of one million. An identifiable victim is the extreme, in this sense. When a victim has been identified, she becomes her own frame of reference — there was only one Baby Jessica to save — and thus receives the greatest level of sympathy."

Small and her co-authors reached their conclusions by conducting a series of four field experiments involving ordinary citizens. The researchers gave each person $5 in one-dollar bills. They were then instructed to read a letter containing a charity request and asked to donate a sum of money, ranging from zero to $5, by placing the money anonymously in an envelope.

Each experiment was designed to encourage "rational" thinking when people made decisions about how much money to donate to identifiable and statistical victims. In one experiment, for example, the subjects were told about the identifiable victim effect before being asked to make a donation. In another experiment, the researchers provided statistics about victims alongside a request for donations to an identifiable victim.

The upshot of the four experiments was that people are most generous when asked to make a donation to an identifiable victim in the absence of "rational" analytic thought. The more statistical information the citizens were given about the general plight of a group of people, the less generous they became. Yet emotion-based thought failed to augment generosity to statistical victims. "It's easy to override people's feelings by giving them statistical information," according to Small. "But it's not so easy to add feelings where feelings aren't naturally there to begin with. It's hard for humans to generate feelings toward statistics."

One subtle positive finding was that informing ordinary citizens about the identifiable victim effect at least had the result of increasing their consistency towards the two types of victims. Yet the field experiments showed that giving people statistical information had a pernicious effect on overall caring, since people gave less to the identifiable victims but no more to the statistical victims.

"Insight, in this situation, seems to breed callousness," the researchers write. "In some ways, this conclusion seems well founded. Faced with almost any disaster of any magnitude, it is almost always possible to think of worse things that have happened or even that are currently happening in the world. The deaths of 9/11 [numbering 2,973], for example, compared with the slaughter in Rwanda [estimated at between 500,000 and one million]" seem to have less impact. But the slaughter in Rwanda, in turn, "is dwarfed by the problem of AIDS in Africa. Thinking about problems analytically can easily suppress sympathy for smaller-scale disasters without, our research suggests, producing much of an increase in caring for larger-scale disasters."

Yet the researchers acknowledge that this interpretation may have limitations. It is possible, they say, that deliberate, rational thinking in some cases may lead to more charity. "For example," they write, "contrary to the difference between statistical and identifiable victims, we often experience little visceral sympathy for needy victims who are from other countries or of a different race or socio-economic status, but thinking about their plight may lead us to recognize their deservingness. In such instances, we conjecture, interventions that encourage deliberate thinking like those presented in the four studies ... might lead to greater generosity rather than less."

What implications does Small's paper hold for charitable organizations? "It's all about putting together a simple, emotionally compelling message," Small says. "The best way to do that is in the form of a picture or a story, something that purely engages the emotional system. The mistake that many charities make is trying to appeal both to emotion and to reason. They assume this would be more effective than appealing to only one or the other, but it isn't."

Although they feel that charitable donations might be more efficiently distributed among more desperate victims if donors were not so emotional in making decisions to give money, the researchers do not criticize people who wish to help when they feel sympathetic.

"Although the money spent on Baby Jessica and Ali Abbas could save more lives in theory if not concentrated as such, the absence of identifiability effects might reduce the impetus to give at all," they write. "Thus, although victim identification may distort aid allocation somewhat, its impact generates more aid than any other pitch. Charities certainly recognize this, at least implicitly, when they employ a poster child to raise money for a general cause."

Should Charities Ask for Time Before Money?

September 2008

Charitable giving may be a $300 billion industry in the United States, but for nearly all nonprofits encouraging donations is the number one challenge. Recent research from the Stanford Graduate School of Business shows that nonprofits can benefit financially by prompting potential donors to make an emotional connection to the organization and to its mission.

According to a new study published in the Journal of Consumer Research in October 2008, asking supporters for their time, not for their money, is a better way to increase donations. Jumping straight in and soliciting potential donors for funds can, in fact, alienate them––making them less likely to get involved and less likely to actually donate. Asking them to volunteer first, however, can positively shift their willingness to give both time and money.

The reason, according to Jennifer Aaker of Stanford Graduate School of Business and Wendy Liu of UCLA, coauthors of the study, is that questions regarding time versus money stimulate different mindsets. When people are solicited for their time, they automatically think in terms of emotional meaning and fulfillment: Will volunteering for this charity make me happy? When tapped for money, they start thinking about the far more practical, boring, and sometimes painful matter of "economic utility": Will making a donation make a dent in my wallet?

"The 'time first' approach therefore makes the emotional significance of what you're asking stand out, which stimulates positive feelings and an increased belief that volunteering would be linked to personal happiness. That emotional mindset ultimately leads to greater giving," explains Aaker, General Atlantic Partners Professor of Marketing at the Stanford Graduate School of Business.

In the first of the study's three experiments, participants in an online survey read a brief statement about the mission of a fictitious cancer research foundation. Those who were asked first how much time they would be willing to volunteer to the organization––and then how much money they would donate––offered to give nearly twice as much money as those who were asked only about money.

In the second test, participants read about HopeLab, a real nonprofit organization that serves children with cancer. Members of one group were asked first how interested they were in donating time to the organization, and then how interested they were in giving money, while another group was asked the questions in reverse. A third group was not asked either question.

Participants were given ten $1 bills as payment. On their way out they passed a donation box for the organization, and were handed a "volunteer for HopeLab" flyer on which they could leave their email addresses. The following week, HopeLab contacted those who left their addresses and helped monitor the number of hours those volunteers actually worked for the organization over the next month.

Once again, individuals who were asked first for their time gave twice as much money to the donation box as those who were asked first to make a financial donation. Moreover, those who were asked first for money gave less than both those who were asked first about their time as well as those who were asked

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"The Happiness of Giving: The Time-Ask Effect," Wendy Liu and Jennifer Aaker, Journal of Consumer Research, October 2008.

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Executive Summary

Asking potential donors for their time, not their money, is a better way for nonprofits to increase donations of both time and money.

- When people are asked to donate time, they automatically think in terms of emotional meaning and personal fulfillment, asking themselves: "Will donating time make me happy?" They also connect to the mission of the organization making the request.
- By being asked to make a financial donation, individuals turn their minds to economic utility: "Can I afford to make this donation?"
- While providing stakeholders with metrics on where a nonprofit's money is going can be useful, an overemphasis on dollars at the expense of the emotional connection may actually turn off donors.

neither question. “That shows that the mere mention of money serves to distance people,” Aaker says.

What’s particularly interesting is that participants who were asked first about their time not only gave the most money of all, but also they donated the most time to the organization. This affirms for the researchers that what motivates people to give dollars when they are asked first for their time is not simply guilt; that is, they are not donating more generously as a way of “buying out” of having to give up precious hours. “If guilt had been operating, then those who were asked for time first may have given more money, but they would have given less time than any of the other groups. In fact, the reverse was true,” says Aaker.

Aaker and Liu believe that requests for people’s time elicit thoughts of the nonmonetary emotional benefits they will get out of spending their time helping out a charity. “It makes them more likely to say, ‘What an interesting organization this is! Donating my time here would make me personally happy,’” Aaker says.

In a third experiment similarly involving “time first” and “money first” questions, participants were also asked point blank about their personal beliefs regarding guilt and happiness. The responses affirmed that when willingness to volunteer was measured first, people reported a greater belief in the relationship between volunteering and personal happiness. Guilt did not enter significantly into the equation.

In short, the new study suggests that asking for people’s time connects them with the deep mission of the organization, which makes them more inspired to be involved in that endeavor in every way. Conversely, asking people for money may well cause them to disengage.

“Nonprofits, therefore, may want to create more differentiated ways to foster feelings of meaning in their donors,” Aaker says. Also, she cautions, while providing stakeholders with metrics on where an organization’s money is going can be useful, an overemphasis on dollars at the expense of emotional connectedness may actually turn off donors.

Ask and You're Likely to Get Help

July 2008

For many of us, the thought of asking someone for help or a favor—be it a colleague, friend, or stranger—is fraught with discomfort. We figure we're imposing or tend to assume the person will say no, which could leave us embarrassed or humiliated.

But new research verifies the old adage, "Ask and you shall receive." A series of studies reveals that people tend to grossly underestimate how likely others are to agree to requests for assistance.

"Our research should encourage people to ask for help and not assume that others are disinclined to comply," says Frank Flynn, associate professor of organizational behavior at the Stanford Graduate School of Business. "People are more willing to help than you think, and that can be important to know when you're trying to get the resources you need to get a job done, when you're trying to solicit funds, or what have you."

In fact, Flynn and Vanessa Lake, a Columbia psychology PhD student, have already had feedback to that effect on their paper, published in the July 2008 issue of the Journal of Personality and Social Psychology. "A colleague had just finished reading a draft and was running late to a dinner appointment," says Flynn. "He was in the subway and realized he should call ahead but didn't have a cell phone. He told us that our paper gave him courage to ask a stranger to borrow his—and that he was delighted when the person quickly obliged!"

In the first two studies, participants were instructed to ask favors of people in campus settings after estimating how many people they thought would comply with their requests. Participants asked to borrow strangers' cell phones in order to make calls back to the experimenter, solicited individuals to fill out questionnaires, and asked students to help them find the campus gym—a favor that required obliging students to walk with a participant for at least two blocks in the direction of the gym.

The researchers found that participants consistently overestimated by 50 percent the number of people they'd have to ask to get a certain number to agree with each request. "Participants were initially horrified at the prospect of going out and asking people for such things," says Lake. "But they'd bound back in to the lab afterward with big smiles, saying, 'I can't believe how nice people were!'"

The results were replicated even more dramatically in a real-world scenario involving volunteers for Team in Training, a division of the Leukemia and Lymphoma Society. These volunteers, who receive training for endurance sports events in exchange for fundraising for the society, were asked to estimate the number of people they thought they would have to solicit to reach their fundraising goal, as well as the average donation they expected.

Once again, volunteers predicted they would have to approach 50 percent more people than were actually needed. Moreover, they underestimated the average donation they'd receive by $17. "People seem to miscalculate how willing others are to say yes to direct requests, even in a conservative case like this where they're open to soliciting others and the request is significant—anywhere from $30 to more than $1,000," observes Flynn.

Organizational Behavior

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"If You Need Help, Just Ask: Understanding Compliance with Direct Requests for Help," Francis J. Flynn and Vanessa K.B. Lake, Journal of Personality and Social Psychology, July 2008.

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Executive Summary

People tend to grossly underestimate how likely others are to agree to requests for help. And many don't know how to ask for help. They also overestimate how many people will come to them for help.

- Those being asked to provide help are under social pressure to do so, pressure both from the outside and from themselves.

- Asking clearly and directly for help is better than being indirect. How you ask is more important than the size of the favor you're soliciting.

- An open door policy inviting others to come in for help is ineffective unless others are actively encouraged to request it.

Why do people consistently make such underestimations? The researchers found it's because they fail to get inside the head of the potential helper. The critical factor, say Flynn and Lake, is that those who are approached for a favor are under social pressure to be benevolent. Just saying no can make them look very bad—to themselves or others.

Two further studies demonstrated this dynamic. When given various scenarios, participants responded differently depending on whether they were in the role of a potential helper or the one who needed the help. Those asking for help thought they were more likely to be turned down than those offering aid. Even more importantly, askers said they thought it would be much easier for others to refuse their request than did potential helpers.

"That's really the mechanism explaining the effect," says Flynn. "People's underestimation of others' willingness to comply is driven by their failure to diagnose these feelings of social obligation on the part of others."

One study found that those asking for help incorrectly believed it was more likely they would receive help if they were indirect about it—communicating their request with a look, rather than a direct question. In contrast, people in the position of offering assistance said they were much more likely to help if asked point blank. "That really puts the obligation on them, and makes it very awkward for them to refuse," says Lake.

Similarly, in a final study, participants incorrectly calculated that they would get more people to answer a questionnaire if they simply handed them a flyer with the request, instead of asking them outright. This was the case whether they were asking people to fill out short, one-page questionnaires, or more burdensome, 10-page questionnaires. "The lesson is that you should pay more attention to how your request is being made than to the size of your request," says Flynn.

"Other studies we've conducted indicate that people overestimate how likely it is that others will come to them for help," Flynn continues. "This means not only are people not asking for help when in fact they could get it, but they're not encouraging others to come to them for help when in fact they're willing to offer it. That tells us that the 'open-door' policy is basically ineffective unless people are actively encouraged to use it."